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E.O. 12958: DECL: 05/16/2016
TAGS: [EFIN](#) [ECON](#) [PREL](#) [PGOV](#) [PINR](#) [AJ](#)
SUBJECT: AZERBAIJAN: NATIONAL BANK DIRECTOR GENERAL
APPOINTED NEW EXECUTIVE DIRECTOR OF OIL FUND

REF: BAKU 602

Classified By: CHARGE D'AFFAIRES JASON P. HYLAND PER 1.4 (B,D).

[¶1.](#) (C) SUMMARY: The Government of Azerbaijan announced May 15 the appointment of Shahmar Movsumov as Executive Director of the critically important State Oil Fund. Movsumov succeeds Samir Sharifov, who was named Minister of Finance on April [¶18.](#) Movsumov, a close Embassy contact, speaks excellent English, and is held in high esteem by the international donor community. The appointment of Movsumov as Oil Fund Executive Director indicates the GOAJ's continuing shift toward Western leaning, English speaking ministers and officials. Movsumov's appointment, however, leaves current National Bank Chairman Elman Rustamov isolated and may signal his imminent removal. END SUMMARY.

[¶2.](#) (C) After nearly a month of speculation, the GOAJ announced May 15 the appointment of Shahmar Movsumov as the new Executive Director of the Oil Fund. Movsumov replaces Samir Sharifov, who is currently the Minister of Finance (reftel). Movsumov, age 34, had previously been working as Director General of the National Bank of Azerbaijan. Movsumov's appointment also ends speculation that the Oil Fund would be transferred to the Ministry of Finance with Sharifov.

[¶3.](#) (C) Movsumov is a graduate of the Moscow Institute of International Relations and in 2004 he earned a Master's degree in Public Administration from Harvard University. Movsumov is a close Embassy contact, speaks excellent English, and is held in high esteem by the international donor community. His professional characteristics make him similar to the former Oil Fund Executive Director and current Minister of Finance Samir Sharifov.

[¶4.](#) (C) The appointment of Movsumov as Oil Fund Executive Director, predicted in reftel, reflects the GOAJ's continuing shift toward Western leaning, English speaking ministers and officials. Executive Director of the Oil Fund is a critical position for the government's international public relations. As an established institution, the Oil Fund is operating transparently and an international accounting firm audits its energy revenue reports. The Oil Fund is working with the U.S. Trade Development Agency to improve its portfolio management and is unlikely to undergo any radical changes with Movsumov. Movsumov's appointment highlights GOAJ recognition of the need for an Oil Fund leader who is comfortable with both the international donor community and sovereign debt rating agencies, projecting confidence that Azerbaijan's oil and gas revenues will be managed correctly.

[¶5.](#) (C) Movsumov's appointment, however, leaves current National Bank Chairman Elman Rustamov isolated. President

Aliyev appointed Rustamov to another five-year term in early 2005 and there has been widespread speculation that he could be the next government official to be removed. Movsumov is not an obvious government insider and has been known to disagree with GOAJ macroeconomic and budgetary decision-making. His appointment to the Oil Fund means that if Rustamov is removed as National Bank Chairman, Movsumov will not be considered as a possible successor leaving the position open for another President Aliyev confidant, possibly current International Bank of Azerbaijan Chairman Jahangir Hajiyeu (who accompanied President Aliyev on this recent trip to Washington).

COMMENT

¶6. (C) President Ilham Aliyev continues to consolidate his economic team, shifting power away from old-guard, clan-based allies of the former president. While Movsumov is not known to be a friend or acquaintance of Aliyev, he certainly fits the mold of the recent appointments of Minister of Economic Development Babayev and Finance Minister Sharifov -- English speaking, comfortable with Western interlocutors and known to be "problem-solvers."

HYLAND